CONNECTICUT WOMEN'S HEALTH CAMPAIGN

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Prescription Drug Coverage

The Connecticut Women's Health Campaign (CWHC) supports measures to ensure that consumers have access to reasonably priced prescription drugs. This initiative is consistent with the CWHC principle of providing a comprehensive benefits package which covers a full range of services.

The Problem

- More than 700,000 state residents are without prescription drug coverage,[1] while the cost of prescriptions is increasing nationwide at a rate of over 17%.[2] Many state programs are being cut due to lack of adequate revenue.

- "Women are generally more likely than men to use prescription drugs. Some 40 percent of men and 66 percent of women age 18 to 34 use prescription drugs. Use patterns converge as people get older, however. Similar proportions of men and women age 65 and older are prescription drug users."[3] One must remember, though, that 58% of the over 65 population are females. [4]

- Older women are significantly impacted by the rise in prescription drug costs. According to the U.S. Food and Drug Administration, older women take an average of seven different medications at any given time. The majority of older women rely on Medicare coverage that does not cover prescription medications. This lack of prescription coverage translates into a hefty individual bill. According to the Kaiser Foundation the average price per prescription in Connecticut is $52.93.[5] For older women taking an average of seven different medications, this translates into $371 a month for out-of-pocket prescription drug expenses.

What Can Be Done?

(A) Establish a state purchasing system, which creates discounted prices for prescription drugs, and (B) Establish a review board to monitor prescription drug prices.

- A state (or region) wide purchasing group would be able to negotiate lower prices with the pharmaceutical companies for all state residents. Administrative costs would be lower if one manager was responsible to oversee all of the state's prescription drug purchasing programs.

- A review board would support these efforts by looking at options for lowering drug prices, target costly drugs, monitor preferred drug list plans, monitor prior authorization, provide representatives to regional organizations with other states making plans for bulk-purchasing, review drug education programs (often called "counter-detailing" programs) for consumers and doctors, and analyze and report drug manufacturer marketing costs.

- Establishing the oversight board and state purchasing system can be achieved through legislation. There might be some small administrative costs, but those would be more than offset by what the state can save on prescription drugs for medicaid and state employee coverage.

The Facts

- Seventy-five percent of all women use prescription drugs.[6] Those who do not have prescription drug coverage are paying the highest costs for their prescriptions. Those who do have coverage are seeing their coverage getting more expensive and their share of the cost getting higher. The high cost of prescription drugs affects even those women not using them by raising the cost and decreasing the amount of all health care coverage.

How Savings Can Be Achieved

- The savings can be achieved through better pharmaceutical management and free market negotiations for bulk purchasing with pharmaceutical companies. Pharmacy Benefit Managers have been very good at designing and implementing drug cost containment strategies. The National Legislative Association on Prescription Drug Prices (NLA) is going one step further by developing a not-for-profit Pharmacy Benefits Administrator (PBA). The advantages of a not-for-profit PBA are that they would be designed to be transparent in their pricing practices and would work solely on behalf of the plan sponsor. All rebates would be used to save money on prescription drugs, not to increase profits.

- In West Virginia, they were able to save $7 million simply by better pharmaceutical management. More savings will be achieved with more negotiations with pharmaceutical companies.[7]

- Medicaid Pharmacy Services, which is responsible for managing the drug program for Florida's Medicaid Program has saved nearly $500 million over the past two years with their cost-saving initiatives.[8]

- Michigan's program saves $900,000 per week.[9]

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[1] "A Continuing Look at the Uninsured: Utilization of Health Care Services among Working-Age Adults (19 to 64 years)." Office of Health Care Access. 2002
[2] "State Specific Rx Drug Costs & Spending." Kaiser Family Foundation. June 21, 2002. On-line available: http://www.kff.org/content/2002/20020621a/.
[3] "Prescription Drugs." Center on an Aging Society. September 2002. On-line available: http://ihcrp.georgetown.edu/agingsociety/rxdrugs/rxdrugs.html.
[4] "Women's Health USA 2002." U.S. Dept. of Health and Human Service. 2002.
[5] www.statehealthfacts.kff.org.
[6] same as 3.
[7] Myron D. Winkelman, R.Ph., Presentation to NLA, December 6, 2002.
[8] www.fdhc.state.fl.us/Medicaid/Prescribed_Drug/index.shtml.
[9] Michigan Medicaid Director, Testimony before the Maryland General Assembly Joint Committee on Administrative, Executive and Legislative Review, December 17, 2002